



# Department of Justice

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## **HOGSETT ANNOUNCES SENTENCING OF RUSSELL FOUNDATION FOUNDER ON CHARGES OF WIRE FRAUD, MONEY LAUNDERING**

*Defendant convicted of using charitable foundation to defraud investor of \$1.7 million*

### **PRESS RELEASE**

INDIANAPOLIS – Joseph H. Hogsett, the United States Attorney, announced today that Michael Russell, age 54, was sentenced to 57 months (4 years, 9 months) in federal prison this morning by U.S. District Judge Tanya Walton Pratt. This follows Russell's guilty plea to charges related to a scheme that defrauded an Indianapolis investor out of \$1.7 million in 2007. Russell had been charged in late 2011 with wire fraud and money laundering charges, along with former Indianapolis City County Councilor Paul Bateman, age 58, who has also entered a guilty plea and will be sentenced next week.

"In just a few short months, these defendants threw away millions of dollars that it had taken their victim a lifetime to collect," Hogsett said. "This case represents the worst of greed and gluttony, and the U.S. Attorney's Office remains committed to combating the scourge of corruption and fraud wherever it is found."

The Russell Foundation, an Indianapolis-based organization founded in 2003 by Michael Russell, was ostensibly a religiously-affiliated nonprofit intended to provide community leadership and poverty relief. Russell has admitted that it instead served as the vehicle for roughly \$1.7 million in fraudulent activity.

In admitting his guilt, Russell acknowledged that in early 2007, he and his alleged co-conspirators solicited \$702,000 in investment money from an Indianapolis victim. The victim was told by Russell that he planned to fund the Foundation by investing in ethanol production through a company called Indiana Ethanol Capital Investments, which was organized as a limited liability corporation in February 1, 2007, with Paul Bateman listed as president. Bateman also allegedly served as "Chief Administrative Officer" and the "Chief Corporate Officer."

Russell has admitted that he met with the victim to urge him to invest in the company, with alleged support from Bateman. Bateman allegedly accepted five checks from that victim, totaling \$702,000, between February and April, 2007, almost all of which was deposited in Bateman's personal bank account and spent on expenses other than the production and distribution of ethanol.

Russell also admitted that in 2007, he and Bateman again solicited money from the victim, successfully urging him to invest \$1 million in a corporate bond for the Russell Foundation. Russell now admits that this money was spent on personal expenses over the course of just thirty-three days.

The indictment filed in December 2011 lists a number of purchases made using the investor's money. Russell has admitted to a number of these purchases, including: entertainment, more than \$25,000 in clothing, jewelry, travel, eight vehicles with a combined purchase price of \$228,000, the payment of Bateman's personal income tax liability, the payment of Russell's rent for his residence, and various personal checks.

In addition to his prison sentence, Russell was also ordered to pay \$1.7 million in restitution to the victim of the scheme. Bateman is scheduled to be sentenced in Indianapolis next Monday, May 20, at 10:00am. These charges were the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

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